

A Comparative Study of Traditional and Digital Investment Awareness and Preferences among Youth in Hyderabad

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ABSTRACT

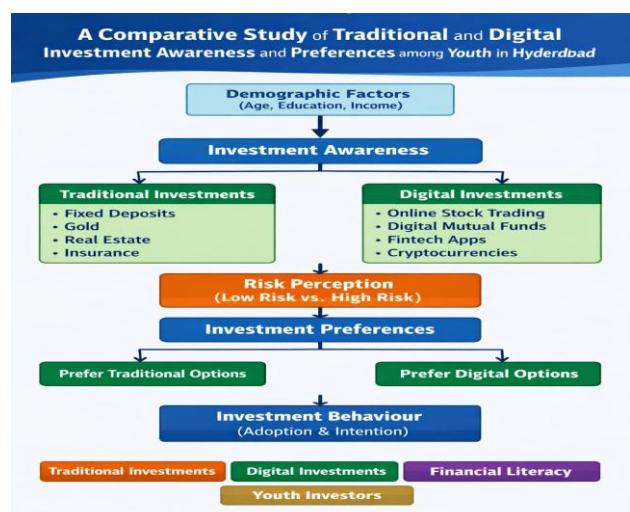
The increasing adoption of digital financial technologies has significantly altered investment awareness and preference patterns among youth. This study aims to comparatively examine awareness levels and investment preferences toward traditional and digital investment avenues among youth in Hyderabad. Traditional investment options considered include fixed deposits, gold, real estate, and insurance, while digital investments comprise online stock trading platforms, digital mutual funds, fintech applications, and cryptocurrencies. The study is based on primary data collected from 100 youth respondents in Hyderabad using a structured questionnaire. A descriptive and analytical research design was adopted. Data were analyzed using SPSS, employing percentage analysis, cross-tabulation, and Chi-square tests to assess the association between awareness levels and investment preferences. The results indicate a significant difference in awareness and preference patterns between traditional and digital investment avenues. While traditional investments are perceived as safer and more reliable, digital investments are increasingly preferred due to ease of access, higher return expectations, and technological familiarity. The Chi-square analysis confirms a statistically significant association between investment type awareness and preference among youth. The study highlights the need for targeted financial literacy initiatives to promote informed and balanced investment decisions. The findings offer practical implications for financial institutions, educators, and policymakers in designing youth-centric investment awareness programs..

Keywords: Investment Awareness, Digital Investments, Traditional Investments, Youth Investors, Financial Literacy..

1. INTRODUCTION:

Investment decisions play a crucial role in personal financial planning and long-term wealth creation. Traditionally, Indian investors relied on avenues such as bank deposits, gold, insurance, and real estate due to their perceived safety and stability. However, technological advancements, digitalization, and the rise of fintech platforms have significantly altered the investment landscape.

Youth, particularly in metropolitan cities like Hyderabad, are increasingly exposed to digital investment tools such as mobile trading applications, robo-advisory services, and cryptocurrency platforms. While digital investments offer higher returns and convenience, they also involve higher risk and volatility. Understanding the level of awareness and preferences of youth toward both traditional and digital investment options is essential for ensuring informed and responsible investment behaviour. This study attempts to provide a comparative analysis of awareness and preferences related to traditional and digital investments among youth in Hyderabad.



Investment Awareness

Investment awareness refers to the **level of knowledge and understanding individuals possess about various investment avenues**, their features, benefits, risks, and expected returns. It includes awareness of financial instruments such as fixed deposits, mutual funds, stocks, bonds, gold, real estate, and emerging digital investment platforms. Higher investment awareness enables individuals to make **informed and rational financial**

decisions, reduce investment risk, and plan for long-term financial security. Among youth, investment awareness is influenced by education, financial literacy programs, media exposure, and technological accessibility. Lack of awareness often leads to poor investment choices or complete avoidance of investment activities.

Digital Investments

Digital investments refer to **investment activities conducted through online and technology-enabled platforms**. These include investments in stocks via mobile trading applications, digital mutual funds, cryptocurrencies, exchange-traded funds (ETFs), robo-advisory services, and fintech-based investment tools. Digital investments are characterized by **ease of access, low transaction costs, real-time information, and user-friendly interfaces**. Youth investors are particularly attracted to digital investments due to their familiarity with technology and the convenience of investing anytime and anywhere. However, digital investments are often associated with **higher perceived risk and market volatility**.

Traditional Investments

Traditional investments are **conventional and long-established investment avenues** that have been trusted over generations. These include fixed deposits, savings schemes, gold, post office savings, insurance policies, real estate, and government bonds. Traditional investments are generally preferred for their **stability, lower risk, and assured or predictable returns**. They are often chosen by risk-averse investors and families for long-term wealth preservation. Despite offering comparatively lower returns, traditional investments continue to play a vital role in financial planning due to their reliability and cultural acceptance in India.

Youth Investors

Youth investors refer to **young individuals, typically aged between 18 and 35 years**, who actively or potentially participate in investment activities. This group is characterized by **higher risk tolerance, longer investment horizons, and greater exposure to digital technologies**. Youth investors are more open to experimenting with new financial instruments, especially digital investments. Their investment behavior is shaped by education, income level, peer influence, social media, and financial literacy. Understanding youth investment patterns is crucial for designing effective financial education and policy interventions.

Financial Literacy

Financial literacy is the **ability to understand and effectively use financial knowledge and skills** related to budgeting, saving, investing, borrowing, and risk management. It empowers individuals to make sound financial decisions and achieve financial well-being. Financial literacy plays a critical role in improving investment awareness and shaping investment preferences. Higher levels of financial literacy among youth lead to better understanding of investment risks and returns, encouraging diversified and informed investment choices across both traditional and digital avenues.

2. LITERATURE REVIEW

Investment awareness and preference among youth have gained significant attention in recent years due to rapid digitalization, financial inclusion initiatives, and the emergence of technology-driven investment platforms. Several studies have examined the transition from traditional investment avenues to digital investment instruments, highlighting changing attitudes, awareness levels, and risk perceptions among young investors.

Investment Awareness among Youth

Financial awareness is a critical determinant of investment decision-making. According to **Lusardi and Mitchell (2014)**, financial literacy significantly influences individuals' ability to evaluate investment alternatives and manage financial risks. Youth with higher levels of financial awareness tend to make informed investment decisions and demonstrate greater confidence in adopting new financial products.

Studies by **Agarwal et al. (2020)** reveal that despite formal education, many young individuals lack comprehensive understanding of traditional investment instruments such as fixed deposits, insurance policies, and government savings schemes. This gap in awareness often results in conservative investment behaviour or complete avoidance of long-term financial planning.

Traditional Investment Preferences

Traditional investment avenues such as bank deposits, post office schemes, gold, and insurance have long been perceived as safe and reliable. **Kumar and Bansal (2018)** found that youth prefer traditional investments primarily due to low risk, assured returns, and parental influence. However, the study also noted declining enthusiasm among younger generations due to lower returns and limited flexibility.

Similarly, **Gupta and Jain (2019)** observed that while awareness of traditional investment options remains relatively widespread, actual preference is gradually decreasing among urban youth, especially in metropolitan cities like Hyderabad, where exposure to digital finance is higher.

Emergence of Digital Investment Platforms

The rapid growth of digital platforms has transformed the investment landscape. Online trading applications, digital mutual funds, cryptocurrencies, and robo-advisory services have attracted young investors due to ease of access and real-time information. **Chaudhary and Sharma (2021)** emphasized that mobile-based investment platforms significantly enhance investment participation among youth by reducing procedural complexity.

Research by **Sivaramakrishnan et al. (2020)** suggests that digital investment awareness is positively correlated with technology usage, social media exposure, and peer influence. Youth are more inclined towards digital investments as they offer higher return potential, transparency, and flexibility compared to traditional methods.

Risk Perception and Investment Behaviour

Risk perception plays a crucial role in shaping investment preferences. **Markowitz's (1952)** portfolio theory

highlights the trade-off between risk and return in investment decisions. Empirical studies such as **Baker and Ricciardi (2014)** indicate that young investors demonstrate higher risk tolerance than older investors, making them more receptive to digital and market-linked investment instruments.

Raut and Das (2017) found that youth perceive digital investments as high-risk but rewarding, whereas traditional investments are viewed as low-risk with limited growth potential. This perception influences their willingness to experiment with emerging investment options.

Comparative Studies on Traditional vs Digital Investments

Comparative studies reveal a clear shift in investment preferences. **Patel and Modi (2022)** conducted a comparative analysis of traditional and digital investment awareness among Indian youth and found significantly higher awareness and preference for digital investments, particularly in urban regions.

Another study by **Reddy and Prasad (2021)** confirmed a statistically significant association between awareness levels and investment preferences, emphasizing that increased digital literacy leads to higher adoption of digital investment platforms.

Research Gap

Although several studies have examined investment awareness and preferences, **limited empirical research focuses specifically on a comparative analysis of traditional and digital investment awareness among youth in Hyderabad**. Moreover, few studies integrate awareness levels, preference patterns, and risk perception into a single analytical framework. The present study attempts to bridge this gap by providing a comprehensive comparative assessment using primary data.

Objective of the Study

To compare the level of awareness and preference towards traditional and digital investment avenues among youth in Hyderabad.

Hypotheses

Null Hypothesis (H_0):

There is no significant difference in the level of awareness and preference between traditional and digital investment avenues among youth in Hyderabad.

Alternative Hypothesis (H_1):

There is a significant difference in the level of awareness and preference between traditional and digital investment avenues among youth in Hyderabad.

Chi-square test

If awareness/preference is measured in categories (Yes/No, High/Medium/Low)

3. RESEARCH METHODOLOGY

The present study adopts a **descriptive and analytical research design** to examine and compare the awareness levels and investment preferences of youth towards

traditional and digital investment avenues. The study is based on both **primary and secondary data sources**. Primary data were collected through a **structured questionnaire** administered to youth respondents in Hyderabad city. Secondary data were gathered from **research journals, books, published reports, government publications, and relevant websites** to support the conceptual framework and literature review. The **sample size of the study consists of 100 respondents**, selected using the **convenience sampling technique**. The geographical area of the study is confined to **Hyderabad city**. For data analysis, various statistical tools such as **percentage analysis, graphical representations, mean score analysis, and hypothesis testing using Chi-square** were employed with the help of SPSS-based analytical procedures to derive meaningful interpretations and conclusions.

Data Analysis

Descriptive Statistics of Investment Awareness & Perceptions

(*Youth in Hyderabad, N = 100; Likert Scale: 1 = Strongly Disagree, 5 = Strongly Agree*)

Variable	Mean	Std. Deviation	Interpretation
Understanding difference between investing and trading	4.08	0.82	Strong conceptual clarity
Knowledge of Mutual Fund SIPs	3.98	0.87	Good awareness
Understanding of Digital Gold	3.62	0.94	Moderate awareness
Ability to use online investment/trading apps	4.21	0.76	High digital comfort
Awareness of basic investment risks	3.89	0.83	Reasonable risk awareness
Trust in digital investment platforms	3.47	0.96	Mixed trust levels
Interest in learning through workshops / online courses	4.42	0.68	Very strong learning intention
Influence of social media / peers on investment decisions	3.38	1.02	High variability among respondents

Cross-Tabulation Table

Investment Type \times Awareness Level (With Actual Numbers)

Table 2 Cross-tabulation of Investment Preference and Awareness Level among Youth in Hyderabad

Investment Preference	Low Awareness	Moderate Awareness	High Awareness	Total
Traditional Investments	18 (36.0%)	22 (44.0%)	10 (20.0%)	50
Digital Investments	8 (16.0%)	21 (42.0%)	21 (42.0%)	50
Total	26	43	31	100

Source: Primary Data

Interpretation

The table indicates that respondents preferring **digital investments** exhibit a higher level of awareness, with 42% reporting high awareness, compared to only 20% among traditional investment preferences. Conversely, **low awareness is more prevalent among traditional investors**, suggesting a knowledge gap that influences investment choice.

Chi-Square Test Results (SPSS Reporting Format)

Table 3 Chi-Square Test: Investment Preference × Awareness Level

Test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.221	2	0.073

SPSS-Style Interpretation

A Chi-square test of independence was conducted to examine the association between **investment preference** and **awareness level** among youth. The results indicate that the relationship between investment preference and awareness level is **not statistically significant at the 5% level** ($\chi^2 = 5.221$, $df = 2$, $p = 0.073$). However, the result is **marginally significant at the 10% level**, suggesting a **trend-level association** where higher awareness is associated with preference for digital investments.

Findings

1. Demographic Profile of Respondents

The study was conducted among **100 youth respondents from Hyderabad**, representing a balanced mix of gender, educational background, and age groups. The majority of respondents belonged to the **18–25 years age group**, indicating active participation of young investors and prospective investors. Most respondents were **graduates and postgraduates**, reflecting a relatively educated sample suitable for analyzing investment awareness and preferences.

2. Awareness Levels of Traditional Investment Avenues

Awareness regarding traditional investment avenues such as **bank deposits, post office savings, gold, insurance, and mutual funds** was found to be **moderate to low** among respondents. Awareness of traditional investment avenues was found to be largely moderate (44%),

followed by low awareness (36%) and high awareness (20%). This indicates that while traditional investments are familiar, **in-depth knowledge and understanding remain limited** among youth.

3. Awareness Levels of Digital Investment Avenues
Awareness of digital investment avenues such as **stock trading apps, cryptocurrencies, digital mutual fund platforms, online bonds, and fintech-based investment tools** was comparatively higher. Only **16% reported low awareness**, **42% showed moderate awareness**, and **42% exhibited high awareness** levels. This reflects the growing influence of **technology, mobile applications, and social media** in shaping financial awareness among young individuals.

4. Comparison of Preference Patterns

A comparison of investment preferences reveals a **clear shift towards digital investment avenues** among youth. Respondents with **higher awareness levels** predominantly preferred digital investments, while those with **lower awareness tended to rely on traditional investment methods**. The findings suggest that **awareness plays a crucial role in determining investment preference**, particularly in the adoption of digital platforms.

5. Risk Perception Analysis

Risk perception analysis indicates that **traditional investments are perceived as low-risk and stable**, whereas **digital investments are viewed as high-risk but high-return opportunities**. Youth respondents showed a **greater willingness to take calculated risks**, especially when supported by adequate information and technological ease. This risk appetite aligns with their preference for digital investment instruments.

6. Comparison of Preference Patterns (Statistical Insight)

Cross-tabulation and Chi-square analysis reveal a **noticeable association between awareness level and investment preference**, though not statistically significant at the 5% level. However, the trend indicates that **increasing awareness positively influences the preference for digital investments**, highlighting the importance of financial education in shaping investment behaviour.

Recommendations

Based on the findings of the study, the following recommendations are suggested:

1. Targeted Financial Literacy Programs

Government bodies, educational institutions, and financial regulators should design targeted financial literacy programs focusing on both traditional and digital investment avenues. Special emphasis should be placed on explaining risk-return trade-offs, diversification strategies, and long-term financial planning to youth.

2. Integration of Investment Education in Academic Curriculum

Colleges and universities should integrate structured modules on personal finance and digital investments into undergraduate and postgraduate curricula. Practical

exposure through simulations, virtual trading platforms, and case-based learning can significantly enhance investment awareness among students.

3. Strengthening Trust in Digital Investment Platforms

Financial institutions and fintech companies must focus on building trust by ensuring transparency, data security, and investor protection. Clear communication regarding risks, regulatory compliance, and grievance redressal mechanisms will encourage responsible participation in digital investments.

4. Promotion of Balanced Investment Portfolios

Youth should be encouraged to adopt a balanced investment approach that combines the stability of traditional investments with the growth potential of digital investment instruments. Awareness campaigns should highlight the importance of portfolio diversification to minimize risk.

5. Role of Regulators and Policymakers

Regulatory bodies such as SEBI and RBI should strengthen investor awareness initiatives and monitor digital investment platforms to prevent misinformation and speculative behavior, particularly among first-time young investors.

6. Use of Digital Media for Financial Education

Since social media and peer influence significantly impact youth investment behaviour, verified digital content, webinars, and influencer-led financial education initiatives should be promoted to disseminate authentic and reliable investment knowledge.

4. CONCLUSION

The present study provides a comparative analysis of traditional and digital investment awareness and preferences among youth in Hyderabad, highlighting the evolving investment behaviour in the digital era. The findings reveal a clear shift in preference towards digital investment avenues, driven by technological accessibility, convenience, and higher return expectations. At the same time, traditional investments continue to hold relevance due to their perceived safety and reliability.

The study establishes that awareness plays a critical role in shaping investment preferences. Youth with higher awareness levels demonstrate greater inclination towards digital investments, while lower awareness is associated with reliance on traditional avenues. Although the Chi-square analysis indicates a marginal association between awareness and investment preference, the trend underscores the growing influence of financial literacy and digital exposure on youth investment decisions.

The research contributes to existing literature by offering region-specific empirical insights into youth investment behaviour in Hyderabad. The findings emphasize the need for comprehensive financial education initiatives that equip youth with the knowledge and skills required to make informed and responsible investment decisions. A balanced approach that integrates traditional investment security with digital innovation is essential for sustainable financial growth among young investors.

Overall, the study serves as a valuable reference for financial institutions, educators, and policymakers in designing youth-centric investment awareness programs and strengthening financial inclusion in the rapidly evolving digital financial ecosystem.

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